

UNITED STATES DISTRICT COURT  
SOUTHERN DISTRICT OF FLORIDA

MAGISTRATE JUDGE  
SIMONTON ✓

Civil Action No. -Civ-

**04-61235**

COMMODITY FUTURES TRADING  
COMMISSION,

Plaintiff,

v.

LIBERTY FINANCIAL TRADING CORP., INC.,  
LIBERTY REAL ASSETS INVESTMENT CORPORATION,  
TED ROMEO, RANDY BURSTEIN, NADER YAZDANI, and  
LESLIE WEINER,

Defendants.

**COMPLAINT FOR INJUNCTIVE AND OTHER EQUITABLE RELIEF,  
AND FOR CIVIL MONETARY PENALTIES UNDER  
THE COMMODITY EXCHANGE ACT, AS AMENDED, 7 U.S.C. §§ 1 *ET SEQ.***

**I.**

**SUMMARY**

1. Since at least early 2002, Liberty Financial Trading Corp., Inc. ("Liberty Financial"), and from approximately June or July 2004, Liberty Real Assets Investment Corporation ("Liberty Real Assets"), operating as a common enterprise with Liberty Financial (together, the "Liberty Common Enterprise"), Ted Romeo, Randy Burstein, Nader Yazdani, and Leslie Weiner (collectively, "defendants") have been fraudulently soliciting customers to open and maintain commodity trading accounts through the Liberty Common Enterprise to trade commodity options contracts ("commodity options") by knowingly misrepresenting and failing to disclose material facts concerning, among other things, (1) the likelihood that a customer

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would realize large profits from commodity options trading; (2) the risk involved in trading commodity options; (3) the excessively poor performance record of Liberty Financial customers; and (4) the actual performance record of customers' accounts.

2. By making such material misrepresentations and omissions, defendants have engaged, are engaging, or are about to engage in acts and practices that violate the anti-fraud provisions of Section 4c(b) of the Commodity Exchange Act, as amended ("the Act"), 7 U.S.C. § 6c(b) (2002), and Commission Regulation 33.10(a) and (c), 17 C.F.R. § 33.10(a) and (c) (2004).

3. Accordingly, pursuant to Section 6c of the Act, 7 U.S.C. § 13a-1, plaintiff Commodity Futures Trading Commission ("Commission") brings this action to enjoin defendants' unlawful acts and practices and to compel their compliance with the Act and Commission Regulations. In addition, the Commission seeks civil monetary penalties, restitution to customers for losses proximately caused by defendants' fraud, disgorgement of defendants' ill-gotten gains, and such other relief as this Court may deem necessary or appropriate.

4. Unless restrained and enjoined by this Court, defendants are likely to continue to engage in the acts and practices alleged in this Complaint and similar acts and practices, as more fully described below.

## II.

### JURISDICTION AND VENUE

5. The Commodity Exchange Act, 7 U.S.C. § 1 et seq. (2002) (the "Act") establishes a comprehensive system for regulating the purchase and sale of commodity futures and options contracts. This Court has jurisdiction over this action pursuant to Sections 6c and 6d of the Act, 7 U.S.C. § 13a-1 and § 13a-2 (2002).

6. Section 6c of the Act provides that whenever it shall appear to the Commodity Futures Trading Commission that any person has engaged, is engaging, or is about to engage in any act or practice constituting a violation of any provision of the Act or any rule, regulation, or order promulgated thereunder, the Commission may bring an action against such person to enjoin such practice or to enforce compliance with the Act.

7. Venue properly lies with this Court pursuant to Section 6c(e) of the Act, 7 U.S.C. § 13a-1(e) (2002), in that Defendants transact business in this District, and the acts and practices in violation of the Act have occurred, are occurring, or are about to occur, within this District, among other places.

### III.

#### THE PARTIES

8. Plaintiff **Commodity Futures Trading Commission** is an independent federal regulatory agency that is charged with the administration and enforcement of the Act, 7 U.S.C. §§ 1 *et seq.*, and the Regulations promulgated thereunder.

9. Defendant **Liberty Financial Trading Corp., Inc.** is a Florida corporation with its principal place of business at 3500 Gateway Drive, Suite 100, Pompano Beach, Florida 33069. Liberty Financial has been registered with the Commission as an Introducing Broker<sup>1</sup> since December 28, 2001.

10. Defendant **Liberty Real Assets Investment Corporation** is a Florida corporation with its principal place of business at 3500 Gateway Drive, Suite 100, Pompano Beach, Florida

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<sup>1</sup> The term "introducing broker" ("IB") is defined in Section 1a(23) of the Act, 7 U.S.C. 1a(23), and Commission Regulation 1.3(mm), 17 C.F.R. § 1.3(mm), with certain qualifications, as any person who, for compensation or profit, whether directly or indirectly, is engaged in soliciting or in accepting orders for the purchase or sale of any commodity for future delivery on or subject to the rules of any contract market who does not accept any money, securities or property to margin, guarantee, or secure any trades or contracts that result or may result therefrom.

33069. This is the same address from which Liberty Financial operated. Liberty Real Assets has been registered with the Commission as an Introducing Broker since July 22, 2002.

11. Defendant **Ted Romeo**, a resident of Pompano Beach, Florida, was registered as a principal of Liberty Financial from March 23, 2001 through April 1, 2001, and again from February 13, 2002 through February 3, 2003. He was registered as an Associated Person<sup>2</sup> of Liberty Financial from March 23, 2001 through April 1, 2001, and again from January 17, 2002 through February 3, 2003. He has previously been registered as an AP of Universal Commodity Corporation, Commonwealth Financial Group Inc., American Financial Trading Corp., and Federal Trading Corp.

12. Defendant **Randy Burstein**, a resident of Miami, Florida, was registered as an AP of Liberty Financial from January 10, 2003 until July 7, 2003. He was subsequently re-registered as an AP of Liberty Financial from September 9, 2003 until March 26, 2004. He has previously been registered as an AP of International Trading Group, Ltd., Capital Commodities, Inc., Trinity Financial Group, Inc., Precision Futures and Options, Inc., First Sierra Corporation, Carrington Financial Corp., and Barkley Financial Corp. He is currently registered as an AP of Universal Commodity Corporation.

13. Defendant **Nader Yazdani**, a resident of Boca Raton, Florida, was registered as an AP of Liberty Financial from September 30, 2002 until June 30, 2004. He has been registered as an AP of Liberty Real Assets since June 21, 2004.

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<sup>2</sup> The term "associated person" ("AP") is defined in Commission Regulation 1.3(aa)(1) and (2), 17 C.F.R. § 1.3(aa)(1) and (2), with certain qualifications, as a natural person associated with any FCM or IB, as a partner, officer, employee, consultant, or agent (or any person occupying a similar status or performing similar functions), in any capacity that involves: (i) the solicitation or acceptance of customers' or options customers' orders; or (ii) the supervision of any person or persons so engaged.

14. Defendant **Leslie Weiner**, a resident of Pompano Beach, Florida, was registered as an AP of Liberty Financial from October 11, 2002 until June 30, 2004. He has been registered as an AP of Liberty Real Assets since June 21, 2004. He was previously registered as an AP of Cromwell Financial Services, Inc.

#### **IV.**

#### **FACTS**

##### **A. Background**

15. Since at least early 2002, the Liberty Common Enterprise, by and through its APs, including, but not limited to Romeo, Burstein, Yazdani, and Weiner, solicited members of the public to open commodity trading accounts through the Liberty Common Enterprise to trade commodity options. The conduct described in this complaint was not limited to defendants Romeo, Burstein, Yazdani, and Weiner; several other APs of the Liberty Common Enterprise engaged in similar conduct. Along with allegations of misconduct by defendants, allegations of misconduct by other Liberty Common Enterprise APs not named as defendants is alleged throughout the complaint as further bases of liability of the Liberty Common Enterprise.

16. In telephone sales calls, defendants made fraudulent and materially misleading sales solicitations by knowingly: (1) misrepresenting the likelihood that customers will profit from the purchase of commodity options; (2) misrepresenting the risk of trading commodity options; (3) failing to disclose, in light of the profit representations they were making, Liberty Financial's dismal performance record trading futures and options for customers; and (4) misrepresenting the actual performance record of customers' accounts.

**B. Misrepresentations Concerning Profit Potential of Options Trading**

17. The Liberty Common Enterprise, by and through its APs, including, but not limited to Romeo, Burstein, Yazdani, and Weiner, routinely tells customers that they can earn large profits from trading in commodity options. For example:

- (a) Yazdani guaranteed a customer a profit of \$22,000 on a \$5,000 investment in only a few weeks' time;
- (b) Burstein solicited a customer by telling him that Liberty was offering investments that were sure to make him lots of money;
- (c) Yazdani told another customer that a \$3,000 investment in heating oil options would in all likelihood turn into \$12,000;
- (d) Weiner told a customer that he could "make a killing" for him;
- (e) Romeo solicited a customer by telling her that, "if the market continued as it was, [her] money could grow between 300% and 500% within three to six months."

Other Liberty Common Enterprise APs made similar statements. For example:

- (a) A Liberty Financial AP told a customer that he could achieve a full recovery of the customer's previous losses plus additional profit if the customer invested more money;
- (b) A Liberty Financial AP told a customer he could double her money.

18. The Liberty Common Enterprise, by and through its APs, including, but not limited to Romeo and Burstein, deliberately misrepresents the urgency of the investment opportunity. By using this tactic, defendants give the impression that profits are certain and that

the only variable is how much money can be made depending on how quickly the customer acts.

For example:

- (a) Burstein told a customer that “if [he] did not get on board right now, [he] would miss the boat and [he] would never have another opportunity like this again”;
- (b) When a customer told Romeo that she needed some time to think about investing, Romeo told her that she needed to invest right away in order to capitalize on the market.

19. The Liberty Common Enterprise, by and through its APs, including, but not limited to Burstein and Yazdani, commonly uses misleading investment advice based on well known public information already factored into the existing market pricing by the commodity markets to entice customers to trade with the Liberty Common Enterprise. Defendants tell or imply to customers that certain world events, such as the war in Iraq, will lead to profits. For example:

- (a) Yazdani told one customer to invest immediately in unleaded gasoline call options because the war in Iraq would mean gasoline supplies would be disrupted;
- (b) Burstein told one customer that “[i]t is imperative that you get into Yen before the war starts.” When the customer later wanted to liquidate an option position, Burstein told him not to because, “we were closing in on Baghdad.”

Other Liberty Common Enterprise APs made similar statements. For example, a Liberty Financial AP told a customer to purchase U.S. Treasury Bond put options because the war in Iraq would lead to a rise in the markets and a corresponding drop in the value of Treasury Bonds.

**C. Misrepresentations and Omissions Concerning the Risk of Options Trading**

20. The Liberty Common Enterprise, by and through its APs, including, but not limited to Romeo, Burstein, and Yazdani, routinely fails to disclose adequately the risk of loss inherent in trading commodity options. Their high-pressure sales tactics, misrepresentations, and omissions convey the false impression that the possibility of losses from investing with the Liberty Common Enterprise is minimal. For example:

(a) When a customer told Burstein that he did not feel comfortable with a particular investment, Burstein told the customer, "Let me worry about everything. That's my job." He also promised the customer, "I will watch your account and not let the options expire." Throughout his conversations with this customer, Burstein said very little about the risks involved in any of the investments that were being recommended to the customer.

(b) One customer told Romeo that she was not a gambler, that the money she was thinking of investing was her only nest egg, and that she could not afford to lose it. Romeo responded by telling her that while nothing is 100% risk-free, he thought commodities were a relatively safe investment. When pressed further about the risks of this type of investment, Romeo told the customer that there were risks with every investment and that the customer had already taken risks by investing previously in mutual funds. Romeo never suggested that the risks associated with commodity futures and options were higher than those associated with mutual funds;

(c) Yazdani told a customer not to worry about the investment he would be making;

Other Liberty Common Enterprise APs made similar statements. For example, a Liberty Financial AP told a customer that he would recommend only safe investments to her, that he would keep her money secure, and that he would protect her account;

**D. Failure to Disclose Liberty Financial's Losing Performance Record Trading Futures and Options for its Customers**

21. The Liberty Common Enterprise, by and through its APs, including, but not limited to Romeo, Burstein, Yazdani, and Weiner, routinely touted the trading expertise of its APs and the results achieved by its APs for their customers. Defendants used this tactic to reinforce the impression created by the other tactics described above that trading commodity options through Liberty entailed minimum risk and a maximum potential for profit. For example:

- (a) Romeo told a customer that he had a lot of happy customers and that the customer would end up being very happy also;
- (b) Weiner told a customer that he was an expert trader in gold, that he had been doing this type of trading for years, and that he could "make a killing" for the customer;
- (c) Yazdani told a customer that the customer should not worry about the investment he was recommending because he was an expert in unleaded gasoline;
- (d) Burstein solicited a customer by telling the customer that he was an expert in foreign currency, particularly the Japanese Yen;

Other Liberty Common Enterprise APs made similar statements. For example:

- (a) A Liberty Financial AP told a customer that if he had invested with Liberty Financial during the previous year he would have made a lot of money;

(b) A Liberty Financial AP solicited a customer by telling the customer that he was a skilled and experienced broker and by touting Liberty's skill and experience as "expert" options and futures traders.

22. Despite these claims of expertise on the part of its APs and satisfaction on the part of its customers, defendants never disclose Liberty Financial's dismal performance record trading futures and options for its customers. In fact, the overall majority of Liberty Financial's customers lost money from their investments.

23. In 2002, 342 out of 356 Liberty Financial customers (96%) lost money on their futures and options trading. Realized customer losses in 2002 totaled \$2,972,388.90. The average customer loss in 2002 was \$8,691.20. At the same time that 96% of its customers lost money, Liberty Financial's APs generated \$1,522,238 in commissions.

24. In 2003, 547 out of 595 Liberty Financial customers (92%) lost money on their futures and options trading. Realized customer losses in 2003 totaled \$5,303,569.98. The average customer loss in 2003 was \$8,910.86. At the same time that 92% of its customers lost money, Liberty Financial's APs generated \$4,131,471 in commissions.

25. Despite these mounting losses, the Liberty Common Enterprise, by and through its APs, including, but not limited to Romeo, Burstein, Yazdani, and Weiner, continued to solicit new customers by highlighting profit without disclosing the fact that the vast majority of Liberty Financial's customers lost most, if not all, of their investment.

**E. Misrepresentations Concerning the Actual Performance Record of Customers' Accounts**

26. Many of the Liberty Common Enterprise's customers had no experience in trading commodity futures and options. As a result, they also had little or no ability to analyze and comprehend the monthly statements they received regarding their accounts; rather, they

trusted and relied upon the information provided to them orally by their account representatives. The Liberty Common Enterprise, by and through its APs, including, but not limited to, Romeo and Weiner, deliberately misrepresented to customers the actual performance record of their accounts in order to induce them to maintain and continue trading in those accounts. For example:

- (a) A customer told Romeo that she did not understand how to read her account statement and asked him to explain it to her. Romeo brushed off this request, as well as specific questions as to whether the account was making money, by telling the customer that things were “going just the way we wanted” or that they were going “in our favor.” Indeed, on one occasion Romeo told this customer that he knew that she did not really understand what was happening with her money and he thanked her for trusting him. Throughout this time, the customer’s account was losing money;
- (b) Weiner called a customer about every other week, told him his account was doing well, and encouraged him to invest more money. In fact, this customer’s account was not making money.

Other Liberty Common Enterprise APs made similar statements. For example, a Liberty Financial AP was always very positive in all her conversations with a customer as to how his account was doing, and led the customer to believe that his account was making money. Indeed, the AP often asked the customer, “How does it feel to be earning money?” When the customer would ask the AP how much money he was actually making, however, the AP would never tell the customer an exact figure. The customer was, in fact, losing money on his account.

**F. Liberty Financial and Liberty Real Assets Operate as a Common Enterprise**

27. In approximately June or July 2004, it appears that Liberty Financial ceased doing business under the name Liberty Financial and began doing business under the name Liberty Real Assets Investment Corporation. At that time, the principals of Liberty Financial became the principals of Liberty Real Assets. In addition, 23 of the 26 registered APs of Liberty Financial became registered APs of Liberty Real Assets and all the customer accounts of Liberty Financial were switched to Liberty Real Assets. As of July 20, 2004, Liberty Financial had no registered APs remaining.

28. Liberty Real Assets operates out of the same offices formerly used by Liberty Financial. Its telephone number is the same telephone number formerly used by Liberty Financial.

29. Liberty Real Assets operates a website on the World Wide Web with an address of *www.libertyrealassets.com*. Liberty Real Assets uses this website to solicit customers to open trading accounts. This website is almost an exact replica of a website with an address of *www.libertyfinancialtrading.com* that was previously used by Liberty Financial to solicit customers. The primary difference is that the name Liberty Financial has been replaced by the name Liberty Real Assets.

V.

**VIOLATIONS OF THE COMMODITY EXCHANGE ACT  
AND COMMISSION REGULATIONS**

**COUNT ONE**

**VIOLATIONS OF SECTION 4c(b) OF THE ACT  
AND SECTION 33.10(a) AND (c) OF THE REGULATIONS:  
OPTIONS FRAUD**

30. Plaintiff re-alleges paragraphs 1 through 29 above and incorporates these allegations herein by reference.

31. In or in connection with an offer to enter into, the entry into, the confirmation of, the execution of, or the maintenance of commodity options transactions, the Liberty Common Enterprise, Romeo, Burstein, Yazdani and Weiner have cheated, defrauded, or deceived or attempted to cheat, defraud, or deceive, other persons, by making false, deceptive, or misleading representations of material facts and by failing to disclose material facts necessary to make other facts they disclosed not misleading, including but not limited to those statements and omissions identified in paragraphs 15 through 29, all in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10(a) and (c), 17 C.F.R. § 33.10(a) and (c).

32. In the course of their solicitation of investors, the Liberty Common Enterprise, Romeo, Burstein, Yazdani and Weiner have knowingly made material misrepresentations and omitted material facts necessary to make other representations not misleading, including, but not limited to the misrepresentations and omissions set forth at paragraphs 15 through 29, in violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10(a) and (c), 17 C.F.R. § 33.10(a) and (c).

33. The foregoing acts, misrepresentations, omissions and failures of Romeo, Burstein, Yazdani, Weiner, and the other Liberty Common Enterprise APs occurred within the scope of each such person's employment or office with the Liberty Common Enterprise. The Liberty Common Enterprise is therefore liable for these acts pursuant to Section 2(a)(1)(B) of the Act, 7 U.S.C. § 2(a)(1)(B).

34. Each fraudulent misrepresentation and omission, including but not limited to those specifically alleged herein at paragraphs 15 through 29, is alleged as a separate and distinct violation of Section 4c(b) of the Act, 7 U.S.C. § 6c(b), and Regulation 33.10(a) and (c), 17 C.F.R. § 33.10(a) and (c).

#### **RELIEF REQUESTED**

WHEREFORE, the Plaintiff Commodity Futures Trading Commission respectfully requests that this Court, as authorized by Section 6c of the Act, and pursuant to its own equitable powers, enter:

(a) an order finding that the defendants violated Section 4c(b) of the Act and Sections 33.10(a) and (c) of the Regulations;

(b) orders of preliminary and permanent injunction prohibiting the defendants from engaging in conduct violative of Sections 4c(b) of the Act and Section 33.10(a) and (c) of the Regulations;

(c) an order directing the defendants to disgorge, pursuant to such procedure as the Court may order, all benefits received from the acts or practices which constitute violations of the Act of Regulations, as described herein, and interest thereon from the date of such violations;

(d) an order directing the defendants to make full restitution, pursuant to such procedure as the Court may order, to every customer whose funds were received by them as a

result of acts and practices which constituted violations of the Act and Regulations, as described herein, and interest thereon from the date of such violations;

(e) an order directing the defendants to pay a civil monetary penalty in the amount of not more than the higher of \$120,000 or triple the monetary gain to each defendant for each violation of the Act or Regulations; and

(f) such orders and further remedial ancillary relief as the Court may deem appropriate.

Respectfully submitted,



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